PARTNERSHIP

MEANING OF PARTNERSHIP

Partnership is an association of two or more persons who put their money together in order to carry on a certain business. It is of two kinds :

1. Simple
2. Compound

1. Simple Partnership : If the capitals of the partners are invested for the same period, the partnership is called *simple*.

2. Compound Partnership : If the capitals of the partners are invested for different lengths of time, the partnership is called *compound.*

Sleeping Partner : One who simply invests money, but does not attend to the business is called a *sleeping partner.*

Working Partner : One who invests money as well as attends to the business is called a *working partner.*

A working partner receives a fixed salary from the profits for managing the business.

In order to solve the problems regarding partnership, remember this special trick :

$$\frac{A's\ capital \times A's\ time\ in\ partnership}{B's\ capital \times B's\ time\ in\ partnership}$$

$$= \frac{A's\ profit}{B's\ profit}$$

Example : Rahim and Rohan enter into a speculation. Rahim puts in ₹ 50 and Rohan puts in ₹ 45. At the end of 4 months Rahim withdraws half of his capital. Sanju then enters with a capital of ₹ 70. At the end of 12 months in what ratio will the profit be divided?

Solution :

Rahim's share : Rohan's share : Sanju's share

$= 50 \times 4 + 25 \times 8 : 45 \times 12 : 70 \times 8$

$= \quad 400 \quad : \quad 540 \quad : \quad 560$

$= \quad 20 \quad : \quad 27 \quad : \quad 28$

Therefore, the profit will be divided in the ratio of 20 : 27 : 28.

EXERCISE

1. Bhavana began a business with ₹ 2100 and is joined afterwards by *Y* with ₹ 3,600. After how many months did *Y* join, if the profit at the end of the year is divided equally?
   (*a*) 3 months
   (*b*) 4 months
   (*c*) 5 months
   (*d*) 6 months
   (*e*) 8 months

2. A and B enter into a partnership. A contributes ₹ 3,500 for 8 months and B contributes ₹ 4,000. If they share the profits equally, then how long B's capital was used?
   (*a*) 7 months
   (*b*) 5 months

   (*c*) 8 months
   (*d*) 4 months
   (*e*) None of these

3. A and B start a business with initial investments in the ratio of 12 : 11 and their annual profits were in the ratio of 4 : 1. If A invested the money for 11 months, then B invested the money for :
   (*a*) 3 months
   (*b*) 2 months
   (*c*) 4 months
   (*d*) 1 month
   (*e*) None of these

4. A started a business with ₹ 30,000 and 4 months later B joins. If at the end of the year, the profits

are divided in the ratio of 9 : 4, then what was B's capital?

(a) ₹ 20,000   (b) ₹ 35,000

(c) ₹ 30,000   (d) ₹ 19,000

(e) None of these

5. A invests ₹ 3,000 for one year in a business, how much B should invest in order that the profit after 1 year may be divided in the ratio of 2 : 3?

(a) ₹ 2,000   (b) ₹ 1,800

(c) ₹ 3,600   (d) ₹ 4,500

(e) None of these

6. ₹120 is divided between A, B and C, so that A's share is ₹ 20 more than B's and ₹ 20 less than C's. What is B's share?

(a) ₹ 10   (b) ₹ 15

(c) ₹ 20   (d) ₹ 25

(e) None of these

7. Ram, Puja and Manisha hired a car for ₹ 520 and they used it 7, 8 and 11 hours respectively. The amount of hire charges paid by Puja was :

(a) ₹ 140   (b) ₹ 160

(c) ₹ 180   (d) ₹ 220

(e) None of these

8. A began business with ₹ 1,250 and is joined afterwards by B, with ₹ 3,750. When did B Join, if the profit at the end of the year is divided equally?

(a) After 6 months   (b) After 8 months

(c) After 4 months   (d) After 7 months

(e) None of these

9. A's capital is twice that of B's capital and B's capital is thrice that of C's capital. What is the ratio of the capitals of A,B and C?

(a) 1 : 2 : 3   (b) 2 : 1 : 3

(c) 1 : 3 : 6   (d) 6 : 3 : 1

(e) None of these

10. Madan and Sunil are partners in a business. Madan invests ₹ 5,000 for 5 months and Sunil invests ₹ 6,000 for 6 months. If the profit is ₹ 610, then Sunil's share in the profit is :

(a) ₹ 250   (b) ₹ 360

(c) ₹ 520   (d) ₹ 630

(e) None of these

EXPLANATORY ANSWERS

1. (c) : $\dfrac{2100 \times 12}{3600 \times x} = \dfrac{1}{1}$

$\Rightarrow \quad x = 7$

Hence, y joins after $12 - 7 = 5$ months.

2. (a) : Now, $\dfrac{3500 \times 8}{4000 \times x} = \dfrac{1}{1} \quad \Rightarrow x = 7$ months.

3. (a) : $\dfrac{12 \times 11}{11 \times x} = \dfrac{4}{1}$

So, $x = 3$ months.

4. (a) : $\dfrac{30000 \times 12}{x \times 8} = \dfrac{9}{4}$

So, $x = ₹ 20,000.$

$$\left[\begin{array}{l}\text{Using Formula} \\ \dfrac{\text{A's capital} \times \text{A's time in partnership}}{\text{B's capital} \times \text{B's time in partnership}} \\ \qquad\qquad = \dfrac{\text{A's profit}}{\text{B's profit}}\end{array}\right]$$

5. (d) : $\dfrac{3000 \times 12}{x \times 12} = \dfrac{2}{3}$

$\Rightarrow \quad x = 4500$

6. (c) : $A : B : C$

$x : (x - 20) : (x + 20)$

According to the question,

$x + (x - 20) + (x + 20) = 120$

$\Rightarrow \qquad\qquad x = ₹ 40$

$\therefore$ B's share = 40 − 20 = ₹ 20

7. (b) : Charges paid by Puja = 8/26 × ₹ 520

$= ₹ 160.$

8. (b) : **Trick :** $\dfrac{1250 \times 12}{3750 \times x} = \dfrac{1}{1}$

$\Rightarrow \qquad\qquad x = 4$

9. (d) : $A : B : C$ are in the ratio 6 : 3 : 1.

10. (b) : Madan : Sunil

$5000 \times 5 : 6000 \times 6 = 25 : 36$

So, Sunil's share = 36/61 × 610

$= ₹ 360.$